

INTRODUCTION OF THE MAKE TAX CREDITS WORK—FIX ALTERNATIVE MINIMUM TAX

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 6, 2001

Mr. NEAL of Massachusetts. Mr. Speaker, I am introducing today badly needed legislation to make permanent the temporary provision of current law that allows all nonrefundable personal tax credits to be used against the alternative minimum tax. These credits include the child credit, the adoption credit, the HOPE credit, the lifelong learning credit, and the dependent child care credit.

I have introduced this bill in the two previous Congresses, H.R. 4489 and H.R. 1097. In 1998 Congress enacted a 1-year provision to solve the problem, and in 1999 Congress enacted a 3-year solution. Now is the time to permanently fix the problem, if only because the problem will get more serious and the revenue cost will increase every year we delay. According to the Joint Committee on Taxation, a permanent solution to this problem enacted in 1999 would have cost \$6 billion over 2000–2004, and \$29.6 billion over 2000–2009. This rapid escalation in cost demonstrates why it is important to resolve the problem now. It also indicates how rapidly this provision will affect American families if it is not solved permanently.

To date, two messages have come out of the Bush administration on this issue. The first message is that the alternative minimum tax is a problem to be thought about. The second message is that Congress ought to fix it. Refusing to face this problem directly, and taking responsibility for helping resolve it, is a recipe for continued temporary solutions in an era where budget surpluses demand real tax solutions to real tax problems. I have offered twice to work with the administration on permanent solutions, and I continue to hope a permanent solution will be incorporated into its tax proposals.

Without these temporary solutions, current law would not allow personal tax credits to be used against the alternative minimum tax. Since taxpayers must pay the higher of their regular federal income tax, or the alternative minimum tax, many families find some or all of these credits disallowed by the AMT. In 1998 the Department of the Treasury estimated that over 800,000 families would have been denied the full amount of the child credit or the education credits, and that the number would increase annually.

According to the Internal Revenue Service, the estimated average time it takes to fill out the alternative minimum tax form was 5 hours and 39 minutes. It would, of course, take much longer for hundreds of thousands of taxpayers who may be forced to fill out this form for the first time as a result of the credits Congress offered them in the name of child care, adoption, and education. And I cannot think of anything that would produce greater cynicism on the part of the American people than not enacting a permanent solution to this problem.

Mr. Speaker, I have never thought of this issue as a partisan issue. I have worked with

the former chairman of the Ways and Means Committee Mr. Archer, and with the chairman of the Oversight Subcommittee AMO HOUGHTON, to bring this issue to the attention of Members of Congress, the administration, and the American people. I will continue to pursue all avenues during the 107th Congress to defuse this hidden time bomb permanently.

Finally, Mr. Speaker, let me simply say that the AMT presents additional challenges to Congress. The interaction of the AMT and the nonrefundable personal tax credits is only the most immediate, most crucial, problem. A second problem is that over the next decade the fact that the AMT is not adjusted for inflation while the regular federal income tax is adjusted, will push millions of families into the AMT and that should be dealt with as soon as possible. A third problem exists because the AMT will slash much of the tax relief that will be promised by President Bush this week, if it is not dealt with within the Bush proposals. I, and others, have proposed various solutions to these problems and I will continue to press for solutions to all the problems presented by the AMT. But the most immediate problem is that caused by the interaction of the AMT and nonrefundable credits, and that must be dealt with no matter what this year.

PERSONAL EXPLANATION

HON. KAREN L. THURMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 6, 2001

Mrs. THURMAN. Mr. Speaker, I was present and voting on Wednesday, January 31. Although my votes on rollcall Nos. 6 and 8 were registered, I was not registered as having voted on rollcall No. 7—the India earthquake sympathy resolution. I intended to vote “yea” on this resolution.

INTRODUCTION OF THE DISABLED WORKERS OPPORTUNITY ACT OF 2001

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 6, 2001

Mr. STARK. Mr. Speaker, today I join my colleague, Representative MATSUI and several other colleagues to introduce the “Disabled Workers Opportunity Act.” This bill will remove a persistent employment barrier facing people with disabilities—the fear of losing their health insurance. It builds on the Work Incentives Improvement and Ticket to Work Act enacted last year. That law extended Medicare coverage for disabled, working beneficiaries who qualify for SSDI for eight and a half years. The legislation we are introducing today would make Medicare coverage permanent for these workers.

According to a recent survey commissioned by the National Organization on Disability, 79% of unemployed people with disabilities want to work. Yet, only one-third of them are actively working. Despite major advances in

disability services and technologies, less than 1% of SSI/SSDI disability enrollees leave the rolls each year to return to work. In large part, this gap can be explained by the fact that SSI/SSDI disability beneficiaries risk losing health insurance coverage if they return to work—and many jobs lack the health benefits they require to maintain employment. Health insurance is vital for all workers, but for someone who is disabled, it can be a matter of life or death.

On December 17, 1999, the “Ticket to Work and Work Incentives Improvement Act” was signed into law (P.L. 106–170). This important piece of legislation extended and improved healthcare and vocational rehabilitation opportunities for people with disabilities. Yet it does not go far enough in one fundamental respect. Instead of allowing disabled workers to permanently retain access to Medicare, people with disabilities who have worked a total of 8.5 years (whether consecutive or not) will still lose their Medicare benefits under existing law.

While 8.5 years may sound like a sufficient transition period, let’s not forget an important fact—managing a physical or mental disability is often a lifelong process. Someone with a spinal cord injury or a serious mental illness can face health challenges and vulnerabilities throughout their lives. The original version of the Work Incentives bill—as introduced in the House with bi-partisan support—recognized this fact and extended Medicare coverage permanently.

Our legislation would improve the Ticket-to-Work and Work Incentives Improvement Act by making Medicare Part A coverage permanent for disabled, working beneficiaries who qualify for SSDI. This small but critical fix will help remove an ongoing barrier facing disabled workers—the threat of losing healthcare coverage after returning to work. It is time to give our disabled workers the opportunity to succeed by providing permanent Medical coverage. Enacting this legislation will allow the Ticket to Work and Work Incentives Improvement Act to live up to its name and really make it possible for those on SSDI to become permanent, active members of the workforce.

Last week, President Bush announced his “New Freedom Initiative” which shares the same goal as our disabled workers bill—to help people with disabilities becoming working members of our community. I look forward to working with President Bush and my Congressional colleagues to pass this small, but important piece of legislation that would make a real difference in the lives of those people on SSDI who are able and willing to remain in our workforce. I submit the following co-sponsor listing as well as a letter from the Consortium for “Citizens With Disabilities” into the CONGRESSIONAL RECORD.

The full list of original co-sponsors is as follows:

1. Mr. Stark.
2. Mr. Matsui.
3. Ms. Morella.
4. Mr. Rangel.
5. Mr. Lewis of Georgia.
6. Mr. Cardin.
7. Mr. Coyne.
8. Mr. Doggett.
9. Ms. Thurman.